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May 22, 1997

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Federal Communications Commission  
Office of Secretary

The Honorable Reed Hundt  
Chairman  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

RE: Ex Parte Submission: MM Docket No 91-221

Dear Mr. Chairman:

As the Commission analyzes the television duopoly rule, I thought the following information from Bear-Stearns would be helpful. It demonstrates that cable television competes directly with over-the-air television. This fact alone is nothing new. What is startling, however, is the market position cable now occupies. Since 1982 network affiliate ratings and shares have declined dramatically. Independent television (which included WB & UPN stations) have also dropped. At the same time the ratings for cable networks has grown dramatically.

In November 1996, cable networks garnered a 10.3 rating and a 34 share. This amount exceeded the share for Fox affiliates, Independent stations and PBS stations combined. In fact it was only 10 points below the *combined* share of the big three networks. An analysis of prime time shares yields similar results. Given these data, it is difficult to see how the FCC could not consider cable channels as voices for the purposes of analyzing diversity and competition. Each local cable operator can sell advertising on and control multiple channels at the local level. Broadcasters are limited to one video channel per market. As the preface to the table states, "These data are especially useful in finding the relative movement of audience amongst the various television players." There should be no doubt that cable channels are direct substitutes for free over-the-air broadcast channels with respect to diversity and economic competition.

CNN just offered Tom Brokaw \$7 million a year. When cable starts trying to bid away top talent, you know there is competition between the two systems. It also shows that cable is a key contributor to the diversity of voices in each local market and should be taken into consideration when crafting new local ownership policies.

Sincerely,

David L. Donovan

cc: All Commissioners  
Office of the Secretary  
Mr. Roy Stewart  
Mr. William Kennard

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# CABLE & BROADCASTING INDUSTRY

EQUITY RESEARCH

## Broadcast Television *Fact Book*

- OWNERSHIP DATABASE: 50 Largest U.S. Broadcast Groups
- STATION TRANSACTIONS: 1991 to 1996
- ADVERTISING STATISTICS: Total, Metropolitan, and Television Local/National, Political
- RATINGS DATA: Broadcast Network and Cable Networks

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### **Part III: Comparative Ratings for Broadcast and Cable**

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These data summarize the comparative primetime and total day ratings and shares for broadcast television, which includes the Big Three Networks (ABC, CBS, and NBC), Fox, independent stations (including WB and UPN), Public Broadcasting Stations (PBS), and cable television (which includes basic and pay cable networks). The period measured is the November ratings period, which is during the heart of the broadcast season (which generally runs from September to April/May) from 1980 to 1996. These data are especially useful in finding the relative movement of audience amongst the various television players.

Sources: Nielsen Media Research; Bear, Stearns & Co. Inc.

**Comparative Total Day Shares for the Networks, Independent Stations, Public Broadcasting, Pay Cable, and Cable Networks**

Total Day (8-11PM) November Rating Period Year	Network Affiliates Ratings	Network Affiliates Shares	Fox Affiliates Ratings	Fox Affiliates Shares	Independent Ratings	Independent Shares	PBS Ratings	PBS Shares	Pay Cable Ratings	Pay Cable Shares	Cable Networks Ratings	Cable Networks Shares
Nov-82	21.0	72.0	0.0	0.0	6.1	21.0	1.0	3.0	1.5	5.0	1.0	3.0
Nov-83	22.2	71.0	0.0	0.0	6.3	20.0	1.0	3.0	1.7	5.0	1.7	5.0
Nov-84	20.9	68.0	0.0	0.0	6.8	22.0	1.0	3.0	1.8	6.0	2.2	7.0
Nov-85	21.3	67.0	0.0	0.0	6.8	22.0	1.0	3.0	1.8	6.0	2.3	7.0
Nov-86	20.7	67.0	0.0	0.0	6.7	22.0	1.1	4.0	1.5	5.0	2.7	9.0
Nov-87	18.9	63.0	0.0	0.0	6.8	23.0	1.0	3.0	1.9	6.0	3.1	10.0
Nov-88(1)	18.2	60.0	0.0	0.0	7.1	23.0	1.0	3.0	2.0	7.0	4.1	13.0
Nov-89(1)	17.6	58.0	0.0	0.0	7.2	24.0	1.0	3.0	1.9	6.0	4.9	16.0
Nov-90(1)	16.5	56.0	0.0	0.0	8.0	27.0	0.9	3.0	1.8	6.0	6.4	22.0
Nov-91	17.1	55.6	2.9	9.4	3.4	11.0	0.9	3.0	1.6	5.0	7.4	24.0
Nov-92	17.0	54.4	3.0	9.6	3.3	11.0	1.1	4.0	1.5	5.0	7.8	25.0
Nov-93	17.1	54.7	2.9	9.3	3.4	11.0	1.1	4.0	1.5	5.0	7.9	25.0
Nov-94	16.4	52.2	3.4	10.8	3.6	11.0	1.1	4.0	1.6	5.0	8.2	26.0
Nov-95	14.7	46.5	3.3	10.5	3.9	12.0	1.0	3.0	1.9	6.0	9.6	31.0
Nov-96	12.0	44.0	4.1	10.0	3.5	12.0	1.0	3.0	1.9	6.0	10.3	34.0

(1) From 1986-90, Fox ratings were included in independent totals.

Comparative Primetime Ratings for the Networks, Independent Stations, Public Broadcasting, Pay Cable, and Cable Networks

Primetime (8-11PM) November Rating Period	Network Affiliates Ratings	Network Affiliates Shares	Fox Affiliates Ratings	Fox Affiliates Shares	Independent Ratings	Independent Shares	PBS Ratings	PBS Shares	Pay Cable Ratings	Pay Cable Shares	Cable Networks Ratings	Cable Networks Shares
Nov-82	49.6	80.0	0.0	0.0	8.7	14.0	2.7	4.0	3.1	5.0	1.8	3.0
Nov-83	51.4	80.0	0.0	0.0	8.7	14.0	2.4	4.0	3.8	6.0	2.7	4.0
Nov-84	47.5	76.0	0.0	0.0	9.9	16.0	2.5	4.0	3.9	6.0	3.3	5.0
Nov-85	50.6	77.0	0.0	0.0	10.3	16.0	2.5	4.0	3.6	6.0	3.7	6.0
Nov-86	48.3	76.0	0.0	0.0	10.9	17.0	2.7	4.0	3.0	5.0	4.1	6.0
Nov-87	44.0	72.0	0.0	0.0	11.8	19.0	2.7	4.0	3.6	6.0	5.6	9.0
Nov-88(1)	42.2	68.0	0.0	0.0	12.7	20.0	2.5	4.0	3.9	6.0	7.7	12.0
Nov-89(1)	40.5	67.0	0.0	0.0	12.6	21.0	2.2	4.0	3.2	5.0	8.8	15.0
Nov-90(1)	38.1	64.0	0.0	0.0	13.0	22.0	2.3	4.0	3.1	5.0	11.2	16.0
Nov-91	39.0	62.8	6.3	10.2	6.1	10.0	2.3	4.0	2.8	5.0	13.1	21.0
Nov-92	38.1	61.9	6.8	11.1	6.1	10.0	2.5	4.0	2.8	5.0	13.6	22.0
Nov-93	38.4	62.2	6.7	10.8	6.1	10.0	2.5	4.0	2.8	5.0	13.9	22.0
Nov-94	37.3	60.5	7.1	11.5	6.9	11.0	2.3	4.0	2.9	5.0	14.3	23.0
Nov-95	33.5	54.2	6.7	10.8	7.2	12.0	2.2	4.0	3.4	5.0	17.7	29.0
Nov-96	29.1	50.0	6.5	11.0	6.7	12.0	2.1	4.0	3.4	6.0	18.5	32.0

(1) From 1986-90, Fox ratings were included in independent totals.